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EVALUATION OF ANTI-MONEY
LAUNDERING MEASURES AND THE
FINANCING OF TERRORISM
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Report on Fourth Assessment Visit – *Executive Summary*

Anti-Money Laundering and Combating the
Financing of Terrorism

POLAND

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LIST OF ACRONYMS USED

AML/CFT Act	Act on Countering Money Laundering and Terrorism Financing
CC	Criminal Code
CDD	Customer Due Diligence
CETS	Council of Europe Treaty Series
CFT	Combating the financing of terrorism
CPC, CCP	Criminal Procedure Code
DNFBPs	Designated Non-Financial Businesses and Professions
EU	European Union
EUR	Euro
FATF	Financial Action Task Force
FI	Financial Institution
FIU	Financial Intelligence Unit
FT	Financing of Terrorism
GIFI	General Inspector of Financial Information
LEA	Law Enforcement Agency
IT	Information technologies
MER	Mutual evaluation report
ML	Money Laundering
MLA	Mutual legal assistance
MoU	Memorandum of Understanding
MVT	Money Value Transfer
NCR	National Court Register
NBP	National Bank of Poland
NPO	Non-Profit Organisation
NSCCU	National Savings and Credit Cooperative Union
PEP	Politically Exposed Persons
PFSA	Polish Financial Supervision Authority
PSEC	Polish Securities and Exchange Commission
REs	Reporting entities
SR	Special recommendation
SRO	Self-Regulatory Organisation
STRs	Suspicious transaction reports

TCSP	Trust and company service providers
UN	United Nations
UNSCR	United Nations Security Council resolution

EXECUTIVE SUMMARY

1. Background Information

1. This report summarises the major anti-money laundering and counter-terrorist financing measures (AML/CFT) that were in place in the Republic of Poland at the time of the 4th on-site visit (27 May – 2 June 2012) and immediately thereafter. It describes and analyses these measures and offers recommendations on how to strengthen certain aspects of the system. The MONEYVAL 4th cycle of evaluations is a follow-up round, in which Core and Key (and some other important) FATF Recommendations have been re-assessed, as well as all those for which Poland received non-compliant (NC) or partially compliant (PC) ratings in its 3rd round report. This report is not, therefore, a full assessment against the FATF 40 Recommendations 2003 and 9 Special Recommendations 2001, but is intended to update readers on major issues in the AML/CFT system of the Republic of Poland.

2. Key findings

2. The fight against money laundering and terrorist financing is one of the Polish strategic priorities. It was reflected by the National Security Strategy of the Republic of Poland adopted in 2007. Additionally, the specific crimes of money laundering and terrorism financing are among the priority areas identified by the draft National Program for Counteracting and Combating Organised Crime for the years 2012-2016 and the draft National Program for Combating Terrorism for the years 2012-2016. Cooperation is also an essential component of the Polish AML/CFT strategy.

3. Money laundering is criminalised by Article 299 of the Penal Code, based on an “all-crimes” approach. Since the 3rd round evaluation an autonomous offence of terrorist financing has been added to the Penal Code (section 165a) although the offence, as legislated, is not fully in line with requirements on the criminalisation of financing of terrorism. The deficiencies previously identified in the 3rd round mutual evaluation report (MER) of Poland regarding the lack of all aspects of the physical and material elements of the Vienna and Palermo conventions have unfortunately not yet been addressed. Association with or conspiracy to commit money laundering (ML) is still not covered in the legislation. The number of investigations and prosecutions for ML offences appears low compared to the level of funds-generating crime in Poland.

4. With regard to the criminalisation of the financing of terrorism, Poland has introduced a new terrorist financing (TF) offence to the Criminal Code, however this Article is not fully in line with the TF Convention.

5. The provisions in Articles 44 and 45 of the Penal Code remain unchanged since the 3rd round evaluation and contain the necessary powers to confiscate the proceeds of crime. Nevertheless the confiscation regime remains incomplete as instrumentalities, especially when owned by third parties, are not included in the legal framework. Furthermore, the level of final confiscations appears low compared to the level of funds-generating crime in Poland.

6. United Nations (UN) Resolutions 1267 and 1373 (in respect of Non-European Union internals¹) are legally implemented through European Union (EU) mechanisms. Since the 3rd round Poland has introduced Article 20d of the Act on Countering Money Laundering and Terrorism Financing (AML/CFT Act), which provides a clear legal mechanism that would potentially cover designations in Poland in respect of EU citizens or named persons not covered by the EU clearing house list proposed by other member states; however, the Polish authorities have not yet applied this mechanism.

7. The General Inspector of Financial Information (GIFI), supported by the Department for Financial Information, comprises the Polish financial intelligence unit (FIU), which is an administrative unit. The functions and responsibilities of the FIU, are set out in AML/CFT Act, and appear to sufficiently cover the core requirements set out in Recommendation 26.

8. Several law enforcement investigative units are authorised to conduct money laundering investigations, but seem to be over - focused on investigation of self - laundering and especially on tax related predicate offences. Most of the investigative units seem to lack both a proactive approach and the necessary training for conducting more complex ML investigations and rely totally on the prosecutorial initiative.

9. The reporting institutions demonstrated a high-level of awareness of the suspicious transaction reporting requirements and appreciated the GIFI Reporting Guide. The highest number of suspicious transaction reports (STRs) were filed by banks. The number of STRs from designated non-financial businesses and professions (DNFBPs) has increased; nevertheless, the reporting level of certain DNFBPs still appears inadequate. Furthermore, there are still several technical shortcomings in the reporting requirement.

10. All financial institutions and service providers are subjected to the AML/CFT legislation. Poland has a broadly sound legal structure for the preventive standards. However, the evaluators noted that the legislative provisions dealing with customer due diligence (CDD) requirements are still not entirely in line with the FATF Standards. In particular, there is no clear requirement to identify the ultimate beneficial owner and no requirement to verify the customer's identity from reliable and independent sources.

11. The Polish Financial Supervisory Authority (PFSA) plays a positive role in the supervision of financial institutions, in full cooperation with the GIFI. The National Bank of Poland (NBP) is responsible for the supervision of the currency exchange offices, while the National Savings and Credit Cooperative Union (NSCCU) supervised the credit unions, at the time of the on-site visit of the evaluation team. All financial institutions are required to be licensed or registered. The GIFI and the supervisory bodies independently carry out a number of on-site inspections to control the compliance with the AML/CFT requirements according to detailed manuals.

12. The AML/CFT framework generally applies to DNFBPs as well. The DNFBPs demonstrated a basic understanding of their AML/CFT obligations although they indicated the need for more sector-specific guidance from the GIFI and the supervisory authorities.

¹ EU internals include persons, groups and entities having their roots, main activities and objectives within the EU (see EU Regulation 2580/2001).

13. There is no requirement for the Register of commercial companies to identify the beneficial owners of a company which holds shares of another registered company. Polish law does not require adequate transparency concerning beneficial ownership and control of legal persons.

14. Poland can provide a wide range of mutual legal assistance and co-operation. Legal provisions for providing mutual legal assistance and co-operation are laid down in domestic law, bilateral and multilateral treaties and apply both to ML and TF.

3. Legal Systems and Related Institutional Measures

15. Money laundering is criminalised by Article 299 of the Penal Code, based on an “all-crimes” approach. The deficiencies previously identified in the 3rd round MER of Poland regarding the lack of all aspects of the physical and material elements of the Vienna and Palermo conventions have unfortunately not yet been addressed. Additionally, conspiracy to commit ML is still not covered in the legislation. Quasi-criminal liability has been extended to legal persons, though this has not yet been tested in ML cases.

16. The evaluation team was also pleased to see that progress has been made on the number of ML convictions. It was noted that in the last three years, convictions for money laundering were successfully obtained in 2009 (18), 2010 (21), 2011 (19), including three stand-alone money laundering prosecutions. However, the number of investigations and prosecutions for money laundering (ML) offences appears low compared to the level of funds-generating crime in Poland

17. The evaluation team concluded that the inability to establish a predicate offence is a major cause for termination of money laundering proceedings. This may imply that prosecutors are requiring a high degree of specificity in respect of a particular predicate offence. Most cases appear to relate to self-laundering and the problem of proving the predicate offence is often addressed by prosecuting the money laundering and predicate offences in the same indictment.

18. Since the 3rd round evaluation an autonomous offence of terrorist financing has been added to the Penal Code (section 165a). Unfortunately the offence, as legislated, does not cover funding a terrorist organisation or an individual terrorist for any purpose, and requires proof of intention to finance an offence of a terrorist character.

19. It seems to the evaluators that, whereas the risk of terrorist activity in Poland may be legitimately perceived as low, the risk of terrorist financing in Poland should be treated as being as high as in any other jurisdiction. Nevertheless, in the absence of any criminal investigations for financing of terrorism, assessment of the effectiveness of the system was not possible.

20. The provisions in Articles 44 and 45 of the Penal Code remain unchanged since the 3rd round evaluation and contain the necessary powers to confiscate proceeds of crime and additionally provide for reversing the burden of proof in certain cases and in ensuring confiscation in the event of a transaction intended to defeat confiscation. Recent Supreme Court decisions have confirmed the interpretation of these provisions - especially as they relate to the identification and confiscation of “indirect proceeds” arising from an offence. Nevertheless the confiscation regime remains incomplete as instrumentalities, especially when owned by third parties, are not included in the legal framework. The discretionary character of the confiscation of the instrumentalities raises concerns. Furthermore, the level of final confiscations appears low compared to the level of funds-generating crime in Poland.

21. UN Resolutions 1267 and 1373 (in respect of Non-European Union internals) are legally implemented through EU mechanisms. Since the 3rd round an amended Article 20d of the

AML/CFT Act has provided a clear legal mechanism, which would potentially cover designations in Poland in respect of EU citizens or named persons not covered by the EU clearing house list proposed by other member states. Unfortunately the Polish authorities have not applied this mechanism yet. There remain no freezing orders under the United Nations Security Council Resolutions (UNSCRs).

22. The AML/CFT Act provides for the powers and functions of the GIFI. The General Inspector of Financial Information (GIFI), supported by the Department for Financial Information, comprises the Polish FIU, which is an administrative unit. The FIU employees are skilled, motivated and regularly trained. The GIFI's staff has recently been augmented by a senior appointment from law enforcement. The FIU has direct access to a variety of external databases in order to conduct financial analysis. Additionally, the FIU is authorised to supervise obliged institutions. The FIU is active in building relationships with the obliged institutions and in raising their awareness through trainings and seminars.

23. The GIFI is required and empowered to analyse STRs and disseminate its reports to the Public Prosecutors' offices and law enforcement bodies. However, the largest number of reports sent to other bodies were disseminated to the fiscal control authority; consequently, most of the FIU information seems to be utilised for fiscal purposes. The GIFI has managed to build the necessary trust with law enforcement agencies and prosecutors to develop active cooperation.

24. Law enforcement agencies refer to the FIU as an effective channel for obtaining bank information of persons suspected of committing predicate offences and for freezing their accounts. Nevertheless, the FIU is not approached systematically to detect suspicion of money laundering by entities unknown to law enforcement agencies; accordingly these agencies make little use of reports sent to them by the FIU regarding such suspicions. There have also been very few requests by Police to the GIFI in respect of above threshold transactions, despite the fact that the FIU receives on an annual basis around 30 million such reports.

25. At the time of the 3rd round evaluation, the evaluators concluded that the pro-active approach by the Polish law enforcement authorities to ML/FT investigations was limited. During the 4th round the evaluators noted that the situation had not improved significantly as ML/FT cases are rarely being actively investigated or prosecuted.

4. Preventive Measures – financial institutions

26. Since the 3rd round mutual evaluation Poland has made welcome progress in aligning its AML/CFT legal framework with international standards. In particular, the risk-based approach has been introduced within the Polish AML/CFT regime. This means that financial institutions may allocate resources and calibrate the application of customer due diligence measures in accordance with the ML/FT risks posed by a particular transaction or client. Limited information was provided on the ML/FT risks in Poland since no formal risk assessment was carried out by the Polish authorities.

27. According to the legal requirements, reporting institutions are obliged to establish due diligence procedures. The identification and verification of the identity of a natural or legal person and of the beneficial owner on the basis of the identity documents, as well as data or information obtained from a reliable and independent source is required by the AML/CFT Act. Enhanced CDD is required by law for relationships established with politically exposed persons (PEPs), correspondent current accounts and non-face to face relationships.

28. The evaluators noted that financial institutions in Poland are generally aware of the CDD requirements as a result of the significant efforts invested in outreach to the financial sector by the GIFI and the PFSA. Such outreach generally takes the form of training programmes and clarification notes published on the websites of the GIFI and the PFSA. In addition, a guide entitled “Counteracting money laundering and terrorism financing” was issued by the GIFI to assist financial institutions and other reporting entities in the practical application of their AML/CFT requirements.

29. The scope of AML/CFT obligations covers all financial institutions (FI) as defined by the FATF standard.

30. Although the AML/CFT Act provides for reliance on third parties a number of significant gaps exist in the legislation. The provisions on reliance should therefore be entirely amended to be brought in line with the criteria set out under the FATF Recommendations.

31. In Poland no financial institution secrecy law inhibits the implementation of the FATF Recommendations. The information presented to the evaluation team by the Polish authorities and the private sector did not reveal any instances where professional secrecy provisions limited the information exchange in practice.

32. Although, the GIFI, other competent authorities and financial institutions did not report that they had experienced any problem in obtaining information, the record-keeping period in relation to customer data is not linked to the date of the termination of an account or a business relationship and there is no requirement to retain business correspondence. Nonetheless, in practice obligated institutions do maintain all necessary documents for more than 5 years following the termination of a business relationship.

33. In respect of the wire transfers requirements, Poland specifically relies on European regulations Regulation (EC) No 1781/2006 on information on the payer accompanying transfers of funds implementing FATF Recommendations on wire transfers. The requirements seem to be comprehensively and adequately covered by EU Regulation 1781/2006 which is mandatory for the Member States of the EU and therefore directly applicable in Poland. The requirements appear to be effectively applied in practice.

34. Although there is no specific requirement to pay special attention to unusual transactions, to some extent several financial institutions appeared to conduct an analysis of such transactions. The manner in which Article 8a paragraph 1 is drafted could potentially deflect the focus from complex, unusual large transactions or unusual patterns of transactions, which is the primary purpose of the FATF Recommendation.

35. There is no requirement to give special attention to business relationships with persons from or in countries which do not or insufficiently apply the FATF Recommendations and no requirement to apply appropriate counter-measures.

36. The requirement to submit STRs is primarily set out under the AML/CFT Law. It has to be noted that the reporting obligation provided by the AML/CFT Act refers to “*transactions*” and not to “*funds*” and potentially limits the scope of the reporting obligation. Reporting of attempted transactions is partially covered under the AML/CFT Act.

37. In terms of effectiveness, the highest number of STRs was filed by banks. In fact, banks have submitted 87% of the total number of reports received by the GIFI. The other significant

contributors were investment funds, cooperative units, brokerage houses and insurance companies. On the whole, it appears that all financial institutions are active in submitting reports to the GIFI.

38. There is no explicit obligation for branches and subsidiaries of Polish financial institutions established in a foreign jurisdiction to apply higher standards when the AML/CFT requirements of home and host countries differ. The Polish authorities informed the evaluation team that all branches/subsidiaries of Polish financial institutions are situated within EU member states, with one exception (a subsidiary situated in Ukraine). Therefore, it is presumed that all such branches and subsidiaries are subject to AML/CFT measures which are equivalent to those in Poland. Additionally, there is no requirement to inform the home country supervisor where it is impossible to apply AML/CFT measures which are at least equivalent to those in force in Poland.

39. Poland has implemented most of the recommendations made in the 3rd round report in relation to shell banks within its legislative framework. During the on-site visit the evaluators were not aware of any shell banks operating in Poland or any banks which had corresponding relations with shell banks or those banks that allowed shell banks to use their accounts. Representatives of financial institutions demonstrated that they apply proper risk policies when establishing a business relationship *inter alia* before establishing correspondent banking relationship.

40. All financial institutions are subject to the AML/CFT Act and are therefore subject to the supervision of the GIFI and other supervisory authorities, including the PFSA, the NBP and the NSCCU². Further provisions on the regulation and supervision of financial institutions are found in the sector-specific laws and in GIFI guidelines.

41. The GIFI is responsible for monitoring financial institutions' compliance with the requirements under the AML/CFT Act. According to the AML/CFT Act compliance monitoring of financial institutions may also be carried out by the PFSA, the NBP and the NSCCU within the legislative framework setting out the powers and functions of such supervisory authorities.

42. The GIFI and the supervisory bodies independently carry out a number of on-site inspections to control compliance with the AML/CFT requirements. The PFSA's AML/CFT unit appears to be understaffed. Annually the PFSA sets up a risk-based plan for on-site visits, though at the time of the on-site visit of the evaluation team there were no regulations on their frequency. The GIFI and the supervisory authorities carry out the on-site inspections according to detailed manuals. Overall, the evaluators reached the conclusion that AML/CFT supervision is effectively carried out by the GIFI and all supervisory authorities.

43. The requirements related to prevention of criminals from controlling FIs and the fit and proper criteria are in place through sectoral laws.

44. Since the 3rd round evaluation, the Polish authorities have introduced a number of administrative sanctions for breaches of the AML/CFT Act. The maximum fine that can be applied by the GIFI amounts to approximately €180,000. However, considering the number of sanctions imposed and the number of compliance letters sent by the GIFI and the PFSA to financial institutions, the

² Since 27 October 2012 the PFSA is responsible for the supervision over co-operative savings and credit unions and the National Association of Co-operative Savings and Credit Unions. Nonetheless the NCCSU can also supervise savings unions.

evaluators believe that the sanctioning regime is effective and proportionate. As a result, the evaluators concluded that the sanctioning regime is sufficiently dissuasive.

45. Since the 3rd round report Poland has enacted the Act on Payment Services, which transposes the Payment Services Directive (PSD). Since Poland has only recently implemented the PSD, the licensing process was still underway at the time of the on-site visit; consequently, the evaluators could not determine the effectiveness of the licensing system.

5. Preventive Measures – Designated Non-Financial Businesses and Professions

46. In Poland almost all DNFBPs specified by the FATF Recommendations are covered by the AML/CFT Act and all the obligations applicable to the FIs are relevant for the DNFBPs too.

47. Poland has demonstrated significant progress in the implementation of the AML/CFT requirements for DNFBPs since 3rd Round Evaluation. The Gambling Law in some cases requires casinos to apply even stricter CDD measures than prescribed by the AML/CFT Act.

48. The legal system is largely in place and the AML/CFT provisions apply equally to DNFBPs. DNFBPs during the on-site visit demonstrated a high level of awareness of the AML/CFT requirements. However, similarly to financial institutions, the understanding and awareness of the obligations dealing with the identification beneficial owners of DNFBPs does not appear to be adequate.

49. Since the 3rd round MER, the number of STRs from DNFBPs has increased. Nevertheless, the reporting level of certain DNFBPs is still considered to be inadequate. The FIU performed outreach activities to DNFBPs, however, no sector-specific guidelines have been issued to assist these sectors.

50. During the on-site interviews, the representatives of the DNFBPs demonstrated a high level of awareness of their reporting obligations. The reporting regime for DNFBPs contains all the positive elements and deficiencies of the reporting regime applicable to financial institutions.

51. Casinos are subject to comprehensive supervision. During the interviews, the casino representatives indicated that the Customs Service inspects casinos more than once annually (mainly for fiscal reasons). The FIU conducts a one-week inspection of every casino approximately every 2 to 3 years. Additionally, the National Bank conducts annual inspections (for casinos that operate exchange offices).

52. The GIFI is not, however, sufficiently equipped with human resources in order to conduct an adequate level of on-site inspections of all DNFBPs.

53. Casinos, notaries and legal professionals receive sufficient attention from supervisory bodies. This is due to the involvement of Customs Service in the supervision of casinos and self-regulatory organisations (SROs) for the legal professionals. For the real estate agents, the GIFI's resources are not adequate, especially taking into account the complete absence of reporting and the high ML vulnerability of the real estate sector.

6. Legal Persons and Arrangements & Non-Profit Organisations

54. The Code of Commercial Partnerships and Companies is a comprehensive source of commercial law and regulates the formation, structure, operation, dissolution, merging, division and transformation of commercial partnerships and companies.

55. However, Polish law does not clearly provide requirements for information about the beneficial ownership of companies as it is defined in the Glossary to the FATF Recommendations (i.e. one who ultimately owns or has effective control). There is no requirement for the Register of Commercial Companies to identify the beneficial owners of a company which holds shares of another registered company. Similarly where foreign companies are registered in Poland beneficial ownership information is not available. During the on-site visit several representatives from different law enforcement agencies all conveyed to the evaluators their frustration due to the inadequacy of available information as to beneficial ownership both with regard to domestic and foreign legal entities; this is compounded by the failure to require financial institutions to identify the ultimate beneficial owner.

56. It thus appears to the evaluators that Polish law does not require adequate transparency concerning beneficial ownership and control of legal persons and it is bound to be a difficult and lengthy process for competent authorities to obtain the necessary information. Polish authorities can in practice rely on investigative and other powers of law enforcement to produce from company records the immediate owners of companies. However if these in turn are also legal persons, the competent authorities have to investigate further up the chain.

57. With respect to non-profit organisations (NPOs) there has been no formal review of the adequacy of laws and regulations which relate to NPO. There are very limited measures in place to prevent terrorist organisations from posing as legitimate NPOs or preventing funds or the assets collected by or transferred through non-profit sector from being diverted to support the activities of terrorists or terrorist organisations.

7. National and International Co-operation

58. In the view of the evaluation team, since the 3rd round evaluation, the Polish authorities have continued to improve and strengthen cooperation between the main stakeholders as an important part of the AML/CFT system.

59. The fight against money laundering and terrorist financing is one of the Polish strategic priorities. The strategy of combating money laundering and terrorism financing adopted after the 3rd round of the mutual evaluation by the Polish authorities involved actions in numerous key areas. In particular, the Polish authorities: adopted measures to create and implement legal provisions in the area of combating money laundering and terrorism financing; facilitated the implementation of international AML/CFT standards; created an effective inter-institutional cooperation; participated in national, regional and international AML/CFT initiatives; and provided assistance to other countries in the area of AML/CFT.

60. The specific crimes of money laundering and terrorism financing are among the priority areas identified by the draft National Program for Counteracting and Combating Organised Crime for the years 2012 – 2016 and the draft National Program for Combating Terrorism for the years 2012 -2016.

61. The GIFI appears to be central policy maker in the Polish AML/CFT system. Nevertheless, there is no legal basis in place for any formal mechanism for domestic coordination in the

AML/CFT area and there is no body which takes overall responsibility for coordinating activities in the area of AML/CFT. However, cooperation is an essential component of the Polish AML/CFT strategy and appears to operate effectively in practice.

62. On a practical level, the GIFI cooperates with law enforcement authorities, especially with the Public Prosecutors' Office and the Police. In the course of an ML/FT investigation the Police and the Public Prosecutors' Office co-operate closely with the GIFI. In fact, the GIFI is commonly relied upon by the Police to obtain additional information, whether such information is to be obtained from a reporting entity or from a foreign authority.

63. Poland is a party to international agreements, such as the 1959 European Convention on Mutual Legal Assistance in Criminal Matters and its additional protocol, the 1957 Council of Europe Convention on Extradition and its two protocols and the 1990 Strasbourg Convention. Furthermore, Poland has also signed and ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

64. Poland can provide a wide range of mutual legal assistance and co-operation. In the Polish law, no financial institution secrecy law appears to inhibit the implementation of the FATF Recommendations.

65. Pursuant to the provisions of the AML/CFT Act, the GIFI on its own initiative or on the basis of a request, can send, receive or exchange information and documents with foreign authorities. The law enforcement authorities use informal channels, such as Interpol and Europol, for the exchange of information in the course of criminal investigations.

8. Resources and statistics

66. Since the 3rd round, the GIFI has gone through a restructuring process and has established various new units: a unit for domestic co-operation responsible for the effective exchange of information with reporting entities; a special unit for complex analysis; a unit entrusted with the function to carry out preliminary analysis of submitted STRs; and other units for data modelling and data processing, including IT infrastructure.

67. At the time of the on-site visit, the Department of Financial Information of the GIFI employed 52 persons, including the Director and two Deputy Directors. The evaluators are of the opinion that the Department is not adequately staffed, especially considering the large number of STRs received. All the employees of the Department possess higher education qualifications, are skilled and highly motivated. All staff members must be subject to a security clearance process. The confidentiality rules of the AML/CFT Act apply to the GIFI and the employees of the Department of Financial Information.

68. The employees of the Department are trained on a regular basis. According to the Polish authorities, constant vocational training of the staff has become a common practice especially focussing on skills related to the use of IT tools in the analysis of information and security of processed information. The analysts have at their disposal a comprehensive range of analytical software. In addition, regular training in the area of AML/CFT risks and vulnerabilities, legal awareness and financial law is provided.

69. Law enforcement bodies and prosecution authorities appear to have adequate human and technical resources. The officers of competent authorities maintain high professional standards, including standards concerning confidentiality and integrity. They are appropriately skilled.

Integrity standards to be followed are set out in sectoral laws prescribing legal conditions for employment.

70. In the 3rd round evaluation the number of AML/CFT experts within the Polish supervisory authorities was deemed to be insufficient, especially within the Polish Securities and Exchange Commission (PSEC). Furthermore, the evaluators determined that CFT training was needed for financial supervisors. Most of these shortcomings have been addressed by the PFSA.

71. Nonetheless, the number of AML/CFT inspectors within the Control Unit of the GIFI and the PFSA does not appear to be adequate. This has implications for the effectiveness of the on-site inspection mechanism and on the entire AML/CFT supervisory structure as a whole. No information was provided by the NSCCU with respect to structure, staffing and funding of this entity. This was also the case with the NBP which only provided information on the number of on-site inspectors. In addition, neither the NSCCU nor the NBP provided information on the provisions ensuring professional standards and integrity of its officers.

72. The statistics kept by the Polish authorities are quite comprehensive and contain almost all the necessary data for an accurate analysis of effectiveness. However, no information on the predicate offence is contained in the statistics on ML investigations, prosecutions and convictions. The situation of the statistics maintained by the supervisors has improved since the 3rd MER. The GIFI and supervisory authorities maintain accurate statistical information on the type and number of sanctions imposed on financial and other institutions.

TABLE 1. RATINGS OF COMPLIANCE WITH FATF RECOMMENDATIONS

The rating of compliance vis-à-vis the FATF 40+ 9 Recommendations is made according to the four levels of compliance mentioned in the AML/CFT assessment Methodology 2004 (Compliant (C), Largely Compliant (LC), Partially Compliant (PC), Non-Compliant (NC)), or could, in exceptional cases, be marked as not applicable (N/A).

The following table sets out the ratings of Compliance with FATF Recommendations which apply to Poland. *It includes ratings for FATF Recommendations from the 3rd round evaluation report that were not considered during the 4th assessment visit. These ratings are set out in italics and shaded.*

Forty Recommendations	Rating	Summary of factors underlying rating³
Legal systems		
1. Money laundering offence	PC	<ul style="list-style-type: none"> The physical elements of money laundering offence do not fully correspond to the Vienna and Palermo Conventions; in particular conversion, concealment, disguise, acquisition, possession or use are not covered in all circumstances; Not all essential criteria are provided for in the Polish legislation, e.g. association with or conspiracy as an ancillary offence; Shortcomings in the definition of TF as a predicate offence; <p><u>Effectiveness</u></p> <ul style="list-style-type: none"> The overall effectiveness of ML criminalisation raises concerns considering a low number of convictions for ML, given a high level of proceeds generating offences in Poland; The perception among practitioners with regard to high evidentiary standards for some of elements of the ML offence, e.g. mental element, has a negative impact on effectiveness.
2. <i>Money laundering offence Mental element and corporate liability</i>	<i>Largely Compliant</i>	<ul style="list-style-type: none"> <i>It is unclear whether the intentional element can be inferred from objective facts and circumstances;</i> <i>The provision on criminal liability of legal persons has not been applied yet.</i>
3. Confiscation and	PC	<ul style="list-style-type: none"> The confiscation of instrumentalities is

³ These factors are only required to be set out when the rating is less than Compliant.

<p>provisional measures</p>		<p>discretionary;</p> <ul style="list-style-type: none"> • Confiscation regime does not cover instrumentalities transferred to third parties; • Limited scope of terrorist financing offence potentially affects the scope of confiscation and provisional measures especially with regard to “legal” activities of terrorist organisations and individual terrorists; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Low effectiveness - relatively small amounts confiscated especially when compared with amounts provisionally held, and with the size of the economy and estimated crime; • Law enforcement experience difficulty in detecting criminal property and determining beneficial ownership in legal persons; • Lack of statistics on overall confiscations meant that it was not possible to assess effectiveness as to confiscation in cases other than ML.
<p>Preventive measures</p>		
<p>4. Secrecy laws consistent with the Recommendations</p>	<p>LC</p>	<ul style="list-style-type: none"> • No specific provision on third parties reliance to allow financial institutions to obtain necessary information on their customers.
<p>5. Customer due diligence</p>	<p>PC</p>	<ul style="list-style-type: none"> • The legislation does not cover full CDD requirements when carrying out occasional transactions that are wire transfers equal to or exceeding €1,000;⁴ • Financial institutions are required to verify the customer identity on the basis of documents and information from a public source, but not specifically from reliable and independent sources; • There is no clear requirement to identify the beneficial owner, since financial institutions are only required to attempt to identify the beneficial owner; • There is no requirement to verify whether any person purporting to act on behalf of a legal person is so authorised; • When conducting on-going due diligence on the business relationship there is no requirement to

⁴ The obligation to carry out full CDD only applies to wire transfers exceeding 15,000 EUR.

		<p>establish, where necessary, the source of funds;</p> <ul style="list-style-type: none"> • The provisions dealing with simplified CDD permit financial institutions to waive all CDD measures, except for on-going monitoring; • There is no prohibition against applying simplified CDD when there is a suspicion of ML/FT; • There is no requirement to complete verification of identity as soon as reasonably practicable in those cases where verification is not carried out before the establishment of a business relationship; • Article 9b permits financial institutions to open an account without performing full CDD; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Some financial institutions met on-site maintain a business relationship despite the fact that the ultimate beneficial owner is unknown.
6. Politically exposed persons	LC	<ul style="list-style-type: none"> • The PEP definition does not cover important political party officials or persons entrusted with a prominent public function by a foreign jurisdiction who are resident in Poland; • No requirement to apply enhanced CDD if the beneficial owner is a PEP; • No specific requirement to obtain senior management approval to continue a business relationship where the customer subsequently is found to be or becomes PEP; • There is no requirement to conduct enhanced on-going monitoring on the entire business relationship with a PEP.
7. Correspondent banking	LC	<ul style="list-style-type: none"> • The requirements regarding correspondent banking relationships are limited to respondent institutions located in a state not imposing equivalent AML/CFT obligations; • No requirement to establish the reputation of the respondent and to determine whether it has been subject to a ML/FT investigation or regulatory action; • No requirement to ascertain that the AML/CFT measures implemented by a respondent institution are adequate and effective.
8. New technologies and	PC	<ul style="list-style-type: none"> • No requirement to have policies and procedures in place to prevent the misuse of

non face-to-face business		<p>technological developments in ML/FT schemes;</p> <ul style="list-style-type: none"> • No requirement to have policies and procedures to address the specific risks associated with non face-to-face business relationships when conducting on-going due diligence.
9. Third parties and introducers	PC	<ul style="list-style-type: none"> • Partial requirement to immediately obtain from a third party the necessary information concerning certain elements of the CDD process; • Partial requirement to take adequate steps to ensure that that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay; • No clear requirement to ensure that the third party is regulated and supervised and has measures in place to comply with the CDD requirements; • No measures to determine under Article 9h of the AML/CFT Act whether the country in which the third party is based adequately applies the FATF Recommendations.
10. Record keeping	LC	<ul style="list-style-type: none"> • There is no requirement empowering competent authorities to request financial institutions to extend the record-keeping period beyond 5 years; • The commencement of the record-keeping period under the AML/CFT Act in relation to customer data is not linked to the date of the termination of an account or a business relationship; • No requirement to retain business correspondence.
11. Unusual transactions	LC	<ul style="list-style-type: none"> • There is no specific requirement to make transaction records available to auditors; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • The manner in which Article 8a paragraph 1 is drafted could potentially detract the focus from complex, unusual large transactions or unusual patterns of transactions.
12. DNFBPS – R.5, 6, 8-11	PC	<ul style="list-style-type: none"> • Company Service Providers are not covered by the AML/CFT Act; • Legal professionals are exempted from the

		<p>obligation to identify the beneficial owner of the client and certain other CDD requirements;</p> <ul style="list-style-type: none"> • Not all the activities of notaries fall within the scope of the AML/CFT Act; <p><i>Applying Recommendation 5</i></p> <ul style="list-style-type: none"> • DNFBP are required to verify the customer identity on the basis of documents and information from a public source, but not specifically from reliable and independent sources; • There is no requirement to verify whether any person purporting to act on behalf of a legal person is so authorised; • The provisions dealing with simplified CDD permit DNFBP to waive all CDD measures, except for on-going monitoring; • There is no prohibition to apply simplified CDD when there is a suspicion of ML/FT; • There is no requirement to complete verification of identity as soon as reasonably practicable in those cases where verification is not carried out before the establishment of a business relationship; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • The understanding and awareness of the obligations dealing with the identification beneficial owners of DNFBP does not appear to be adequate; <p><i>Applying Recommendation 6</i></p> <ul style="list-style-type: none"> • The PEP definition does not cover persons entrusted with a prominent public function by a foreign jurisdiction who are resident in Poland; • No requirement to apply enhanced CDD if the beneficial owner is a PEP; • There is no requirement to conduct enhanced on-going monitoring on the entire business relationship with a PEP; <p><i>Applying Recommendation 8</i></p> <ul style="list-style-type: none"> • No requirement to have policies and procedures in place to prevent the misuse of technological developments in ML/FT schemes; • No requirement to have policies and procedures to address the specific risks associated with non face-to-face business
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		<p>relationships when conducting on-going due diligence;</p> <p><i>Applying Recommendation 9</i></p> <ul style="list-style-type: none"> • No requirement to immediately obtain from the third party the necessary information concerning certain elements of the CDD process; • Partial requirement to take adequate steps to ensure that that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay; • No requirement to ensure that the third party is regulated and supervised and has measures in place to comply with the CDD requirements; • No measures to determine whether the country in which the third party is based adequately applies the FATF Recommendations; <p><i>Applying Recommendation 10</i></p> <ul style="list-style-type: none"> • There is no requirement empowering competent authorities to request DNFBP to extend the record-keeping period beyond 5 years; • The commencement of the record-keeping period in relation to customer data is not linked to the date of the termination of a business relationship; • No requirement to keep the business correspondence; <p><i>Applying Recommendation 11</i></p> <ul style="list-style-type: none"> • There is no specific requirement to make transaction records available to competent authorities and auditors; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • The manner in which Article 8a paragraph 1 is drafted could potentially detract the focus from complex, unusual large transactions or unusual patterns of transactions.
<p>13. Suspicious transaction reporting</p>	<p>PC</p>	<ul style="list-style-type: none"> • The scope of the reporting requirement is only linked to transactions related to ML/TF and does not extend to the reporting of “<i>funds</i>” suspected to be the proceeds of a criminal activity; • The TF reporting obligation is limited to “<i>transactions</i>” related to TF and does not

		<p>extend to “<i>funds</i>”;</p> <ul style="list-style-type: none"> • The deficiencies identified with respect to Recommendation 1 and Special Recommendation II restrict the scope of the reporting requirement; • Possible confusion between reporting obligations under Articles 8.3, 11.1 and 16 (e.g. attempted transactions are not covered under Article 11.1).
14. <i>Protection and no tipping-off</i>	<i>Largely Compliant</i>	<ul style="list-style-type: none"> • <i>It should be clarified that all civil and criminal liability is comprehensively covered;</i> • <i>The tipping-off provision should cover related information.</i>
15. <i>Internal controls, compliance and audit</i>	<i>Largely Compliant</i>	<ul style="list-style-type: none"> • <i>There is no provision concerning timely access of the AML/CFT compliance officer and other appropriate staff to CDD and other relevant information;</i> • <i>Not all financial institutions (apart from the banking and securities sectors) are obligated to have internal audit function, which also covers AML/CFT policies;</i> • <i>There is no legal obligation on financial institutions to establish screening procedures to ensure high standards when hiring employees.</i>
16. DNFbps – R.13-15 & 21 ⁵	PC	<ul style="list-style-type: none"> • Not all the activities of notaries fall within the scope of the AML/CFT Act; • Company Service Providers are not covered by the AML/CFT Act; <p><i>Applying Recommendation 13</i></p> <ul style="list-style-type: none"> • The scope of the reporting requirement is only linked to transactions related to ML/TF and does not extend to the reporting of “<i>funds</i>” suspected to be the proceeds of a criminal activity; • The TF reporting obligation is limited to “<i>transactions</i>” related to TF and does not extend to “<i>funds</i>”; • The deficiencies identified with respect to Recommendation 1 and Special Recommendation II restrict the scope of the reporting requirement;

⁵ The review of Recommendation 16 has taken into account the findings from the 3rd round report on Recommendations 14 and 15.

		<ul style="list-style-type: none"> • Possible confusion between reporting obligations under Articles 8.3, 11.1 and 16 (e.g. attempted transactions are not covered under Article 11.1); <p><i>Applying Recommendation 21</i></p> <ul style="list-style-type: none"> • There is no requirement to give special attention to business relationships with persons from or in countries which do not or insufficiently apply the FATF Recommendations; • There is no requirement to make written findings available to assist to competent authorities and auditors; • There is no requirement to apply appropriate counter-measures; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Low level of STRs submitted DNFBPs; • No reporting from the real estate sector despite the fact that the real estate market is considered to be particularly vulnerable to money laundering in Poland.
17. Sanctions	LC	<p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • No sanctions imposed on directors and senior management.
18. Shell banks	C	
19. <i>Other forms of reporting</i>	<i>Compliant</i>	
20. <i>Other DNFBPS and secure transaction techniques</i>	<i>Compliant</i>	
21. Special attention for higher risk countries	PC	<ul style="list-style-type: none"> • There is no requirement to give special attention to business relationships with persons from or in countries which do not or insufficiently apply the FATF Recommendations; • There is no requirement to make written findings available to assist auditors; • There is no requirement to apply appropriate counter-measures; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • The effectiveness of the measures which are in

		place to ensure that financial institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries is debatable.
22. Foreign branches and subsidiaries	LC	<ul style="list-style-type: none"> • There is no explicit obligation for branches and subsidiaries of Polish financial institutions established in a foreign jurisdiction to apply higher standards when the AML/CFT requirements of home and host countries differ; • There is no requirement to inform the home country supervisor where it is impossible to apply AML/CFT measures which are at least equivalent to those in force in Poland.
23. Regulation, supervision and monitoring	LC	<ul style="list-style-type: none"> • There is no registration or licensing system for Cooperative Savings and Credit Unions.
24. DNFBPS - Regulation, supervision and monitoring	LC	<ul style="list-style-type: none"> • No supervision over TCSPs; • Certain activities of notaries are not subject to AML/CFT obligations; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Insufficient focus on the supervision of the real estate agents; • The number of sanctions imposed for breaches of the AML/CFT Act by DNFBPs is very low.
25. Guidelines and Feedback	<i>Largely Compliant</i>	<ul style="list-style-type: none"> • <i>Consideration could be given to some case specific feedback;</i> • <i>Sector-specific AML/CFT guidance issued by the financial supervisors is missing</i>
Institutional and other measures		
26. The FIU	LC	<ul style="list-style-type: none"> • Out-dated guidance on the manner of reporting; • There are no provisions to ensure that the General Inspector maintains confidential any information received in the performance of his functions following the termination of his appointment.
27. Law enforcement authorities	PC	<p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Over focus on fiscal ML cases; • Low number of ML investigations by LEA in major proceeds-generating cases; • Insufficiently proactive approach by LEA in

		<p>ML investigations;</p> <ul style="list-style-type: none"> • Insufficient utilisation of FIU information by LEAs.
28. Powers of competent authorities	<i>Compliant</i>	
29. Supervisors	LC	<p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Insufficient number of on-site inspections, prior to implementation of the RBA; • The level of appreciation of ML/FT risks by the NSCCU appears to be low, thereby having an impact on the effectiveness of on-site inspections.
30. Resources, integrity and training ⁶	PC (composite rating)	<ul style="list-style-type: none"> • The Analytical Units of the Department of Financial Information appear to be understaffed; • High fluctuation of experienced and specially skilled Police staff; • Concern over training in relation to conducting modern financial investigations by all LEAs involved in combating ML/TF, not only Police; • Insufficient number of AML/CFT inspectors within the Control Unit of the GIFI and the PFSA.
31. National co-operation	LC	<ul style="list-style-type: none"> • There is no mechanism for facilitating a regular and joint review of the AML/CFT system and its effectiveness by competent authorities; • No central coordinating body at policy level in the area of AML/CFT.
32. Statistics ⁷	LC (composite rating)	<ul style="list-style-type: none"> • Lack of detailed statistics kept by LEAs; • No statistics on confiscation of proceeds of crime which are not ML or TF related; • Insufficient review of effectiveness of the AML/CFT systems on regular basis;

⁶ The review of Recommendation 30 has taken into account those Recommendations that are rated in this report. In addition it has also taken into account the findings from the 3rd round report on resources integrity and training of law enforcement authorities and prosecution agencies.

⁷ The review of Recommendation 32 has taken into account those Recommendations that are rated in this report. In addition it has also taken into account the findings from the 3rd round report on Recommendations 37, 38, 39 and SR.IX.

		<ul style="list-style-type: none"> Lack of detailed statistics on information exchanged between domestic law enforcement bodies and their foreign counterparts.
33. Legal persons – beneficial owners	PC	<ul style="list-style-type: none"> Polish Law, although requiring some transparency with respect to immediate ownership, does not require adequate transparency concerning beneficial ownership and control of legal persons. Access to information on beneficial ownership and control of legal persons, when there is such access, is not always timely; No real measures in place to guard against abuse in the context of R. 33 of bearer shares of private companies.
34. Legal arrangements – beneficial owners	N/A	
International Co-operation		
35. Conventions	PC	<p><i>Vienna and Palermo Conventions</i></p> <ul style="list-style-type: none"> The physical elements of money laundering offence do not fully correspond to the Vienna and Palermo Conventions, in particular conversion, concealment, disguise, acquisition, possession or use are not covered in all circumstances (R.1); Not all essential criteria are provided for in the Polish legislation, e.g. association with or conspiracy as an ancillary offence (R.1); The confiscation of instrumentalities is discretionary (R.3); Confiscation regime does not cover instrumentalities transferred to third parties (R.3); <p><i>Convention for the Suppression of the Financing of Terrorism</i></p> <ul style="list-style-type: none"> Funding terrorist organisation for “any purpose” not fully criminalised (SR.II); The funding of an individual terrorist is not criminalised in all circumstances (SR.II); Terrorist Financing abroad is not fully covered (SR.II); There are purposive supplementary elements for some of the acts constituting offences in the treaties annexed of the Convention (SR.II); Limited scope of terrorist financing offence potentially affects the scope of confiscation

		and provisional measures especially with regard to “legal” activities of terrorist organisations and individual terrorists (R.3).
36. Mutual legal assistance (MLA) ⁸	C	
37. Dual criminality	<i>Largely Compliant</i>	<ul style="list-style-type: none"> Poland has indicated that it takes a wide view of dual criminality, but the absence of statistical data means there is a reserve on effectiveness; As terrorist financing is not an autonomous offence, the requirement of dual criminality for extradition means that for non-EU countries, not all kinds of financing of terrorism offences are extraditable.
38. MLA on confiscation and freezing	<i>Largely Compliant</i>	<ul style="list-style-type: none"> There are provision in place which comply with international Convention obligations and separate procedures within the European Union recognition of foreign freezing orders; The absence of statistical data means there is a reserve on effectiveness in relation to freezing, seizing, and confiscation (property and value).
39. Extradition	<i>Largely Compliant</i>	<ul style="list-style-type: none"> In the absence of statistics it is not possible to determine whether extradition requests are handled without undue delay.
40. Other forms of co-operation	LC	<p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> Effectiveness issues regarding law enforcement authorities.
Nine Special Recommendations		
SR.I Implement UN instruments	PC	<p><i>Convention for the Suppression of the Financing of Terrorism</i></p> <ul style="list-style-type: none"> Funding terrorist organisation for “any purpose” not fully criminalised (SR.II); The funding of an individual terrorist is not criminalised in all circumstances (SR.II); Terrorist Financing abroad is not fully covered (SR.II);

⁸ The review of Recommendation 36 has taken into account those Recommendations that are rated in this report. In addition it has also taken into account the findings from the 3rd round report on Recommendation 28.

		<ul style="list-style-type: none"> • There are purposive supplementary elements for some of the acts constituting offences in the treaties annexed of the Convention (SR.II); • Deficiencies under SR.III.
SR.II Criminalise terrorist financing	PC	<ul style="list-style-type: none"> • Funding terrorist organisation for “any purpose” not fully criminalised; • The funding of an individual terrorist is not criminalised in all circumstances; • Terrorist Financing abroad is not fully covered; • There are purposive supplementary elements for some of the acts constituting offences in the treaties annexed of the Convention.
SR.III Freeze and confiscate terrorist assets	PC	<p><i>Implementation of S/RES/1267</i></p> <ul style="list-style-type: none"> • The EU or Polish Legislation do not cover the freezing of funds derived from funds owned or controlled directly or indirectly by persons acting on their behalf or at the direction of designated persons or entities; • The time taken to amend the EU regulations following amendments made to the list published by the 1267 Committee is relatively long; in this respect the obligation to freeze terrorist funds without delay is not observed; • The freezing mechanism under Article 20d of the AML/CFT Act excludes movable and immovable property, which restricts the scope of the obligations imposed by EU Council Regulation 881/2002; • Reliance on a criminal proceedings in order to freeze terrorists funds is not fully in line with the requirements of UNSCR 1267 since the requirement to freeze assets could be limited in time according to the Criminal Procedure Rules; <p><i>Implementation of S/RES/1373</i></p> <ul style="list-style-type: none"> • Poland has not yet taken specific measures to cover “EU internals”; • The freezing mechanism under Article 20d of the AML/CFT Act excludes movable and immovable property, which restricts the scope of the obligations imposed by EU Council Regulation 2580/2001; • Reliance on a criminal proceedings in order to freeze terrorists funds is not fully in line with the requirements of UNSCR 1373 since the

		<p>requirement to freeze assets could be limited in time according to the Criminal Procedure Rules;</p> <p><u>Other deficiencies:</u></p> <ul style="list-style-type: none"> • No communication system between the authorities and DNFBP; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Concerns over the effectiveness due to conflicting provisions in the EU Regulations and Polish legislation.
SR.IV Suspicious transaction reporting	PC	<ul style="list-style-type: none"> • The TF reporting obligation is limited to “<i>transactions</i>” related to TF and does not extend to “<i>funds</i>”; • The deficiencies identified with respect to Special Recommendation II restrict the scope of the reporting requirement; • Possible confusion between reporting obligations under Articles 8.3, 11.1 and 16 (e.g. attempted transactions are not covered under Article 11.1).
SR.V International co-operation	LC (composite rating)	<ul style="list-style-type: none"> • The potential refusal due to lack of full dual criminality with regard to TF could be used as the basis for denying mutual legal assistance; • Deficiencies under SR.II have a negative impact; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Effectiveness issues regarding law enforcement authorities.
SR.VI AML requirements for money/value transfer services	LC	<ul style="list-style-type: none"> • Deficiencies in the AML/CFT Law relating to preventive measures, particularly on CDD, apply to MVT operators; <p><u>Effectiveness:</u></p> <ul style="list-style-type: none"> • Effectiveness could not be demonstrated since the system for the licensing and supervision of MVT operators is still being set up.
SR.VII Wire transfer rules	C	
SR.VIII Non-profit organisations	PC	<ul style="list-style-type: none"> • Limited review of the risks in the NPO sector has been undertaken; • Steps taken to enhance financial transparency and reporting structures do not amount to effective implementation of the essential criteria VIII.2 and VIII.3; • Lack of effective and proportionate oversight

		of this sector.
<i>SR.IX Cross Border declaration and disclosure</i>	<i>Largely Compliant</i>	<ul style="list-style-type: none"> • <i>More targeted co-operative enquiries are encouraged;</i> • <i>More sensitisation to terrorist financing issues is required.</i>